APPENDIX.

(R. S. Title 17, Ch. 12, Article 15, as Amended.)

Reorganization.

[17:12-105.] Any building and loan association heretofore or hereafter organized or existing under any law of this state may reorganize in the manner in this article set forth.

[17:12-106.] A reorganization of any such building and loan association effected in pursuance of the provisions of this article shall be made in the following manner:

The board of directors of such association may, at a meeting called for that purpose, adopt a plan of reorganization of such association. Two copies of such plan, signed and acknowledged or proved as in the case of deeds to real property, shall be submitted to the commissioner. If it shall appear to the satisfaction of the commissioner, as a result of an examination or otherwise, that the share liability, creditor obligations, and liability for unpaid taxes of any such association exceeds the fair value of its assets, or if it shall appear to the commissioner that the condition of such association is unsound by reason of its ownership of real property in an excessive amount in proportion to its other assets, or that the aggregate amount of defaulted mortgages held by such association is excessive, and if, in the opinion of the commissioner the plan of reorganization so submitted to him will remedy the situation so found by him to affect such association, or that its adoption will further the interests and will be beneficial to the members and creditors of such association and to the community in which it is located, he shall indorse his approval thereon. One copy, so indorsed, shall be filed in the department of banking and insurance, and the other shall be returned by the commissioner to such association. After such approval, the pro-

posed plan shall be submitted to the members of such association at an annual meeting, or at a special meeting called for the purpose of considering and voting upon such plan. At any such meeting, members may vote in person or by proxy. At least ten days' notice of such meeting shall be given members by mail. A copy of such notice shall at least ten days before such meeting, be published once in a newspaper published in the municipality in which such association has its principal office, and if there shall be no such newspaper, then in one published in the county wherein such principal office is located. If, at such meeting, or any adjournment thereof, a majority of the votes cast are in favor of such plan, a certificate thereof shall be made, signed by the president, or vice president, and secretary or treasurer of such association, and acknowledged or proved as in the case of deeds to real property, and shall be filed in the office of the department of banking and insurance, and thereafter the association may proceed to reorganize in accordance with the provisions of such plan.

All members of such association who shall not have dissented from such reorganization plan in the manner provided by this article, shall be conclusively deemed to have assented thereto. Any member who shall dissent from the proposed plan, shall file a petition of dissent, in writing, in the court of chancery, in a cause to be entitled "In the matter of the reorganization of..... building and loan association," the blank to be supplied with the name of such association. Such petition shall set forth the grounds upon which such member dissents from such plan, and shall be filed in such court at least five days before the day appointed for the meeting of members called to consider and vote upon such plan. No such petition shall be filed unless it shall have indorsed thereon proof of service of a copy thereof upon such association. Upon the filing of such petition, the court shall hear and dispose of the matter summarily, and, if satisfied that the plan is equitable and fair, shall make an order approving the said plan, and

dismissing such petition. Upon the making of such order, the proposed plan shall be binding upon such dissenting member in the manner as if such member had filed no dissent thereto. In the event that such court shall find that the said plan is unfair or inequitable, it shall make an order disapproving such plan, and thereafter such association shall not proceed to reorganize in the manner set forth in such plan, until the further order of such court, or until such order is modified or vacated. No order disapproving any such plan shall be construed as in anywise limiting the power of such association to reorganize in pursuance of the terms of a further or modified plan, in which event all the provisions of this article shall attach and be effective in the same manner as if any prior plan or plans had not been disapproved by such court.

All persons aggrieved by any order of the court of chancery made pursuant to the provision of this article may appeal therefrom to the court of errors and appeals. Any such appeal shall be made within twenty days from the filing of the order appealed from. For the purposes of this section, the term "persons aggrieved" shall include any member who shall file a petition of dissent, the association in reorganization, and the commissioner reorganizing an association pursuant to the provisions of section 17:12-113 of this title.

[17:12-107.] Without limiting the generality of the methods by which an association may reorganize, any plan of reorganization may provide:

a. For reorganization under the existing name of the association or under a different name;

b. For the date upon which the reorganization shall be effective. If the plan fails to fix an effective date, the effective date, shall be the date upon which the proposed plan is approved by the members of the association as set forth in section 17:12-106 of this Title. Where a petition of dis-

sent has been filed pursuant to section 17:12-106 of this Title, and the Court of Chancery has made an order approving the plan, the date of the order shall be the effective date of reorganization, unless the court has, in its order, fixed a date upon which the plan shall be effective, in which event the date so fixed shall be the effective date of reorganization;

c. For the crediting of the book value of shares pledged to secure mortgage loans against the principal amount of such loans, in reduction thereof;

d. For the cancellation of or the postponement of notices of withdrawal on file with the association, for a period not to exceed two years from the effective date of reorganization;

e. For the transfer of such assets, including real estate and defaulted bonds and mortgages, as may be determined by the board of directors with the approval of the commissioner, to a corporation organized pursuant to section 17:12-109 of this Title for the sole purpose of liquidating such assets in an orderly manner;

f. For the transfer of such assets, including real estate and defaulted bonds and mortgages, as may be determined by the board of directors with the approval of the commissioner, to a "participating reserve" account to be set upon the books of the association for the purpose of liquidating such assets in an orderly manner;

g. If the association shall make a transfer of assets as authorized by paragraphs "e," "f," or "j" of this section, any part of the reserve accounts of the association as shall be set forth in the plan of reorganization may be either charged off against the value of the assets so transferred, or transferred together with such assets to such corporation, participating reserve account, or association created to receive such assets, as the plan of reorganization shall provide;

h. For the reduction of the share liability of the association to its members to the extent required to meet actual or anticipated losses and to create a reserve for such purposes;

i. For the manner in which expenses of reorganization shall be paid;

j. For the transfer of such sound or liquid assets, including bonds and mortgages in good standing, as the board of directors shall determine with the approval of the commissioner, to a building and loan association to be organized pursuant to the provisions of section 17:12-109.1 of this Title, or to an association already organized or to be organized pursuant to said section 17:12-109.1 by another building and loan association in reorganization pursuant to this article. Upon such transfer, the reorganizing association shall, without further act of its members, directors, or officers, other than the filing of the certificate hereinafter mentioned, continue as an association for the sole purpose of effecting the plan of reorganization adopted. A certificate by the association certifying that it has made the transfer of assets authorized by this paragraph, and that thereafter the purposes of the association are limited to carrying out the plan of reorganization, shall be recorded in the office of the clerk of the county wherein the association has its office, and after being so recorded, shall be filed in the office of the commissioner. Thereafter, the existing constitution of the association, as modified by the aforesaid certificate and the plan of reorganization, shall determine and regulate the powers and conduct of the business of the reorganizing association. In addition to such powers as may be conferred upon the association by its constitution, as modified by the aforesaid certificate and plan of reorganization, the association shall possess all the powers necessary or convenient to accomplish an orderly liquidation of the assets retained by it pursuant to the plan of reorganization, including, by way of description and not by way of

limitation, power (a) to borrow money, from any source whatsoever, whether within or without the State, without limitation as to amount, and upon such terms and upon such security as the board of directors shall determine; (b) to convey its property, real and personal upon terms and for a consideration, cash or otherwise, as the board shall determine; and (c) to defer the payment of the purchase price upon such conveyance and to accept security thereof. The commissioner shall have the same powers of supervision and regulation of the reorganizing association after the transfer of assets pursuant to this paragraph as prior to adoption of the plan of reorganization.

k. For the borrowing, from any source whatsoever, whether within or without the State, of any sums of money necessary or convenient to effect the reorganization, without limitation as to amount, and upon such terms and upon such security as the plan of reorganizing shall provide.

l. For the suspension, for the period beginning with the adoption by the board of directors of a resolution to reorganize the association and ending with the rejection or the going into effect of the plan pursuant to section 17:12-106 of this Title, of payments on account of shares withdrawn and shares matured, and for the segregation by the association, for the same period, of all share dues paid by members, except where such dues are applied in reduction of a debt to the association. If the plan of reorganization becomes effective, the dues so paid shall be credited to the accounts of those members who paid them, without decrease or impairment for any cause. If the plan of reorganization does not become effective for any reason whatsoever, the dues so paid shall, at the option of the members who have paid them, be returned to them in cash or credited to their share accounts without decrease or impairment, except that dues paid by members indebted to the association shall be credited, without impairment, against such indebtedness in reduction thereof.

[17:12-108.] A participating reserve account created in the manner authorized by paragraph "f" of section 17:12-107 of this Title shall be administered by the association for the sole benefit of those members whose share liability has been reduced by reason of the creation of the account. Such members shall receive participating certificates from the association evidencing their pro rata interest in the assets transferred, the aggregate value of which shall equal the value of the assets so transferred. The assets at any time comprising the participating reserve account shall be identified on the books of the association as participating reserve assets and the aggregate book value of such assets shall be reported on any balance sheet of the association. As and when assets transferred to the participating reserve account are liquidated or yield a profit from operations, the proceeds therefrom shall be paid pro rata from time to time as the board of directors may determine, to the holders of such participating certificates, either in cash or by credit upon shares held by such certificate holders in the association; *provided*, that if the association shall make any advances for the purpose of maintaining or preserving any of the assets transferred to the participating reserve account, the proceeds of such liquidation or profits from operation shall be first applied toward the repayment of such advances.

[17:12-109.] A liquidating corporation created pursuant to paragraph "e" of section 17:12-107 of this Title shall be formed as follows: A majority of the board of directors of the association in reorganization shall, as incorporators, sign a certificate which shall set forth:

a. The name of the liquidating corporation, which may be the same as that of the reorganized association with the addition of the words "liquidating corporation," or such other name as the plan of reorganization shall provide;

b. The location of the principal office of the liquidating corporation;

c. The purposes for which the corporation is formed, which shall be limited to the liquidation of the assets transferred to it pursuant to paragraph "e" of section 17:12-107 of this Title;

d. The name and address of the agent in charge of the principal office of the corporation upon whom process may be served.

[17:12-109.1.] An association created pursuant to paragraph "j" of section 17:12-107 of this Title shall be organized in the manner provided by sections 17:12-3 and 17:12-4 of this Title, except that the certificate of incorporation shall be signed by nine members of the reorganizing association who shall be designated in the plan of reorganization as incorporators, and except that the certificate of incorporation need not state the number of shares subscribed for by each incorporator, nor the number of shares to be subscribed for before the association shall begin business, and except further, that the commissioner may forthwith approve the certificate of incorporation without prior notice, hearing or publication. An association so created shall have all the powers and shall be subject to all the limitations prescribed by the provisions of this chapter.

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